Remarkable Growth Under GTP I and GTP II

Real GDP Growth Rate: 10.14% during GTP I and 8.2% during GTP II
Regardless of the huge strides in GDP Growth, Poverty Reduction, Physical Infrastructure, and Social Developments; various challenges persisted.

**Macroeconomic Imbalances**
- Unsustainable Debt
- Rising Budget Deficit
- Persistently Rising Inflation
- Dwindling FOREX Reserves & Exchange Rate Challenges

**Structural Bottlenecks**
- Regulatory Hurdles
- Logistical Issues & Institutional Rigidities
- Red tape/bureaucracy
- Mismanagement of SOEs & Public Projects

**Sectoral Inefficiencies**
- Low Capacity Utilization
- Low Productivity
- Low Export Competitiveness
- Low Capacity for Sustainable & Decent Job Creation
Call for Urgent Need to Respond to the Challenges

❖ A Comprehensive Homegrown Economic Reform Agenda with a well-synchronized set of measures was launched in 2019 to:

➢ redress macroeconomic imbalances,

➢ resolve structural bottlenecks, and

➢ solve sectoral inefficiencies by unlocking new growth potentials
## Key Pillars and Focus Areas of the Reform

### Macroeconomic Reform
- Strengthen Public Sector Finances
- Correct FOREX Problems
- Control Inflation
- Address Debt Sustainability
- Improve Access to Finance

### Structural Reform
- Streamline regulations
- Energy Sector Reform
- Trade Facilitation and Logistics Reform
- Improve status & management of SOEs, Liberalization

### Sectoral Reform
- Agriculture sector reform
- Manufacturing sector reform
- Tourism reform
- Mining sector reform
- ICT sector and digital reform
Results of the Homegrown Economic Reform Implementation
... rising credit to the private sector, inclusion
... improving export earnings

Share of total credit disbursements by Institutional Sectors (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Public enterprises</th>
<th>Cooperatives</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>7</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>2018/19</td>
<td>44</td>
<td>53</td>
<td>55</td>
</tr>
<tr>
<td>2019/20</td>
<td>55</td>
<td>35</td>
<td>20</td>
</tr>
<tr>
<td>2020/21</td>
<td>69</td>
<td></td>
<td>11</td>
</tr>
</tbody>
</table>

Foreign trade: Merchandise Export and Trade Balance (Billion USD)

- Merchandise Export:
  - 2017/18: 2,836.1
  - 2018/19: 2,666.5
  - 2019/20: 2,988
  - 2020/21: 3,617

- Trade Balance:
  - 2017/18: -14,000.0
  - 2018/19: -12,000.0
  - 2019/20: -10,894
  - 2020/21: -10,671
Results of the Homegrown Economic Reform Implementation

... rising domestic finance, not deterred by the pandemic and other challenges

Revenue and Resources Mobilization

**Total deposits of the banking system (Million Birr)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Deposit Outstanding</th>
<th>Demand Deposit</th>
<th>Savings Deposit</th>
<th>Time Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>200,000.0</td>
<td>400,000.0</td>
<td>600,000.0</td>
<td>800,000.0</td>
</tr>
<tr>
<td>2018/19</td>
<td>300,000.0</td>
<td>500,000.0</td>
<td>700,000.0</td>
<td>900,000.0</td>
</tr>
<tr>
<td>2019/20</td>
<td>400,000.0</td>
<td>600,000.0</td>
<td>800,000.0</td>
<td>1,000,000.0</td>
</tr>
<tr>
<td>2020/21</td>
<td>500,000.0</td>
<td>700,000.0</td>
<td>900,000.0</td>
<td>1,100,000.0</td>
</tr>
</tbody>
</table>

**Government revenue collection including tax revenues (Million Birr)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Government Revenue</th>
<th>Domestic Revenue</th>
<th>Tax revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>250,000.0</td>
<td>150,000.0</td>
<td>100,000.0</td>
</tr>
<tr>
<td>2018/19</td>
<td>300,000.0</td>
<td>200,000.0</td>
<td>100,000.0</td>
</tr>
<tr>
<td>2019/20</td>
<td>350,000.0</td>
<td>250,000.0</td>
<td>100,000.0</td>
</tr>
</tbody>
</table>
## The Ten-years Development Plan

### Overarching Objectives

<table>
<thead>
<tr>
<th>Number</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>To accelerate the path to prosperity through a <strong>private sector-led</strong> pragmatic market economy</td>
</tr>
<tr>
<td>02.</td>
<td>To maintain <strong>macroeconomic stability</strong> and ensure sustainable job opportunities</td>
</tr>
<tr>
<td>03.</td>
<td>To ensure <strong>structural transformation</strong> through productivity and competitiveness</td>
</tr>
<tr>
<td>04.</td>
<td>To ensure the quality and universal accessibility of social services and infrastructure</td>
</tr>
<tr>
<td>05.</td>
<td>To ensure competitive, independent, and quality <strong>public service system</strong></td>
</tr>
<tr>
<td>06.</td>
<td>To build <strong>just and inclusive institutions</strong> that would ensure peaceful society</td>
</tr>
</tbody>
</table>
Strategic Pillars of the Ten-Year Development Plan

1. Quality growth and shared prosperity;
2. Productivity and competitiveness;
3. Technological capability and digital economy,
4. Sustainable development financing;
5. Private sector-led economic growth;
6. Resilient green economy;
7. Institutional transformation;
8. Gender and Social inclusiveness;
9. Justice and efficient public services;
10. Peace building and regional economic cooperation
Priority Focus Areas of the Ten Years Development Plan

1. Multisectoral sources of growth and job opportunities

2. Ensuring sustainable and inclusive development financing

3. Harnessing the demographic dividend

4. Improving the quality and efficiency of infrastructure projects

5. Managing urban development and making urbanization sustainable

6. Building Peace, Justice, and inclusive institutions
The economy will stay in its high growth trajectory. . . average annual growth rate of 10% has been targeted . . . and this is sufficient to reduce poverty from 19% in 2019/20 to 7% in 2029/30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4.1</td>
<td>5.5</td>
<td>6.2</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>15.2</td>
<td>11.4</td>
<td>14.6</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13.0</td>
<td>18.4</td>
<td>22.9</td>
<td>20.6</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>17.3</td>
<td>8.5</td>
<td>9.2</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>8.2</td>
<td>10.4</td>
<td>10.7</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>Real GDP</td>
<td>8.2</td>
<td>9.2</td>
<td>10.9</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>
### Structural Transformation

**Sectoral Composition of GDP (%):** The share of Agriculture in GDP to decline, leaving way for the value adding Industrial Sector (mainly Manufacturing)

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/20</td>
<td>32.7</td>
<td>29.0</td>
<td>6.9</td>
<td>21.1</td>
<td>39.5</td>
</tr>
<tr>
<td>2020/21</td>
<td>31.2</td>
<td>28.0</td>
<td>7.4</td>
<td>19.8</td>
<td>40.8</td>
</tr>
<tr>
<td>2021/22</td>
<td>30.2</td>
<td>28.4</td>
<td>8.0</td>
<td>19.6</td>
<td>41.3</td>
</tr>
<tr>
<td>2022/23</td>
<td>29.2</td>
<td>29.0</td>
<td>8.6</td>
<td>19.6</td>
<td>41.8</td>
</tr>
<tr>
<td>2023/24</td>
<td>28.2</td>
<td>29.7</td>
<td>9.4</td>
<td>19.4</td>
<td>42.1</td>
</tr>
<tr>
<td>2024/25</td>
<td>27.2</td>
<td>30.4</td>
<td>10.3</td>
<td>19.3</td>
<td>42.4</td>
</tr>
<tr>
<td>2025/26</td>
<td>26.2</td>
<td>31.3</td>
<td>11.4</td>
<td>19.1</td>
<td>42.5</td>
</tr>
<tr>
<td>2026/27</td>
<td>25.1</td>
<td>32.3</td>
<td>12.6</td>
<td>18.9</td>
<td>42.6</td>
</tr>
<tr>
<td>2027/28</td>
<td>24.1</td>
<td>33.4</td>
<td>14.0</td>
<td>18.6</td>
<td>42.5</td>
</tr>
<tr>
<td>2028/29</td>
<td>23.0</td>
<td>34.6</td>
<td>15.5</td>
<td>18.3</td>
<td>42.4</td>
</tr>
<tr>
<td>2029/30</td>
<td>22.0</td>
<td>35.9</td>
<td>17.2</td>
<td>17.9</td>
<td>42.1</td>
</tr>
</tbody>
</table>
Structural transformation continued

Composition of export goods by major sectors (%): Manufactured goods to dominate the export market, a departure from past trends
Labour force participation (%): Shift in labour force participation from Agriculture to Industry (predominantly to Manufacturing) & Services.
The Ten-year Development Plan has been linked with Global and Regional Development Commitments at the GOAL and INDICATOR levels.

The Sustainable Development Goals

The ten-years Development Plan

THE ECONOMY
- The macroeconomic Plan
- Economic sector plan
- Infrastructure Plan

THE SOCIETY
- Population and human development plan
- Peace, justice, good governance
- Gender, social protection & social inclusion
- Regional cooperation and partnerships

THE BIOSPHERE
- Environment, emissions reduction
- Resilience and climate change issues
- Water, sanitation, basin development
- Renewable energy
The Challenges

1. The prolonged COVID-19 pandemic
2. Unprecedented level of drought, exacerbated by a changing climate
3. The after effect of the conflict in Northern Ethiopia
4. Shifting focus to rehabilitation and reconstruction of the war’s damage
5. Rising global commodity prices [fuel, fertilizer, etc.]
6. Changing external environment, including suspension from AGOA
7. Geopolitical tensions and falling external financing
The Prospects

1. Possible productivity gain from increased digitalization, GERD
2. More opportunities from opening up of SOEs to private investment
3. Liberalization of certain markets and services, improve efficiency
4. New trade opportunities (AfCFTA, Zero Tariff export to China)
5. Prospect appears to be cautiously positive, but not impressive
6. Significant number of the plan’s targets unlikely to be met
7. Need for possible revision and refocusing
Thank You!